

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  MIDAMERICAN ENERGY COMPANY	DOCKET NO. WRU-03-7-156
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**ORDER GRANTING WAIVER FOR ONE YEAR**

(Issued February 28, 2003)

On February 10, 2003, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) a request for a waiver of 199 IAC 19.10(1), which establishes when a utility may file an Rb factor and how to calculate that factor. The filing was identified as Docket No. WRU-03-7-156. The Rb factor is the adjusted amount necessary to obtain the anticipated balance for the remaining purchased gas adjustment (PGA) year calculated by taking the anticipated PGA balance divided by the forecasted volumes for the months of October through August of the PGA year.

Pursuant to 199 IAC 19.10(4), a utility must file an Rb factor in its February PGA and subsequent monthly filings in the PGA year and may file in other months if anticipated revenues exceed or fall short of anticipated costs by more than one-half of 1 percent. An Rb factor is then included in the PGA that is necessary to obtain the anticipated balance.

In Docket No. WRU-01-49-156, MidAmerican was previously granted a waiver of subrule 19.10(1) to allow recovery of storage costs during the months of

November through April using the forecasted sales for those months. That waiver allowed MidAmerican to more closely match any over- or under-collections associated with gas withdrawn from storage with the months when gas is actually consumed.

The proposed waiver in this docket would be an additional adjustment to the Rb factor for storage costs. It would allow MidAmerican to use the current month's futures price for gas to be delivered during the upcoming injection season instead of the January futures price. This pricing methodology will be used during the months of January through April.

With this waiver, MidAmerican proposes to more closely align cost recovery with usage. This waiver would allow MidAmerican to more accurately price expected storage gas charges and bill the customers in the same heating season as the use occurs. MidAmerican suggests that this should result in a much smaller adjustment to carry over to the Gas Storage Factor for recovery starting next November.

Under this proposal, MidAmerican will recover under-collections or return over-collections relating to storage gas costs in a timelier manner. In addition, the application of the proposed method will distribute the cost of storage gas more fairly to the customers most closely related to the use of storage gas. The Consumer Advocate Division of the Department of Justice has indicated it does not oppose the waiver request. No objections to the waiver request were filed.

Rule 199 IAC 1.3 states that the Board may grant a waiver if it finds, based upon clear and convincing evidence, that the application of the rule would pose an

undue hardship, the waiver would not prejudice the substantial legal rights of any person, the provisions waived are not specifically mandated by statute, and substantially equal protection of public health, safety, and welfare will be afforded after the waiver. The Board has considered the waiver request described above and finds that the waiver meets the four criteria of the rule and the evidence in support of the waiver is clear and convincing.

The Board finds that it would be an undue hardship on MidAmerican and its customers to continue to recover under-collections and return over-collections of storage costs as currently required by 199 IAC 19.10. Under MidAmerican's current procedures, there is a potential mismatch between those who use the storage gas and those who will pay for that usage and a potential for significant under- or over-collections based upon storage withdrawals. The procedures authorized by the waiver will help correct this problem.

The Board finds that no person's substantial legal rights will be affected by this waiver, that the calculation of the Rb factor is not specifically mandated by statute, and that health, safety, and welfare will be protected after the waiver. The Board will, therefore, grant the waiver and allow MidAmerican to establish a storage Rb factor based upon a calculation that reflects MidAmerican sales forecasts component gas storage costs during each of the withdrawal months of January through April beginning with March 2003.

Since the Rb factor will be based upon forecasted costs and is designed to correct for significant over- or under-collections based upon storage withdrawals, the

Board will grant the waiver for one year. MidAmerican should file a report in January 2004 on the results of this waiver and may request a permanent waiver if it determines the results were successful.

**IT IS THEREFORE ORDERED:**

1. The request for waiver, filed by MidAmerican Energy Company on February 10, 2003, of 199 IAC 19.10(1) to allow for the calculation of an Rb factor for storage gas based upon forecasted gas storage costs during each of the withdrawal months of January through April is granted for one year.
2. MidAmerican Energy Company may file for a permanent waiver with a report on the results of the waiver granted in this docket.

**UTILITIES BOARD**

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 28<sup>th</sup> day of February, 2003.